(b) The powers already delegated are considered adequate.

(c) The Ministry of Railways follows the guidelines of the purchase policy of the Government of India for procurement of materials. Purchase preference is given to the Central Public Sector Enterprises as per purchase policy of Government of India. Further, Ministry of Railways currently has no plans for setting up of industries for sourcing of materials required by Railways.

(d) Does not arise.

PM's Task Force on Drug Prices

*258. DR. KARAN SINGH:
DR. T. SUBBARAMI REDDY:

Will the Minister of CHEMICALS AND FERTILIZERS be pleased to state:

(a) whether PM's Task Force on making the medicines affordable has asked Government to cut by half the 16 per cent excise duty levied on retail price of medicines;

(b) whether the excise duty is currently levied at 60 per cent of retail price;

(c) whether the final report submitted by the Task Force also states that ceiling prices should be fixed for 314 essential ingredients taken from a list of 354 prepared by the Health Ministry; and

(d) whether drugs with 70 per cent market share would be de-branded?

THE MINISTER OF CHEMICALS AND FERTILIZERS (SHRI RAM VILAS PASWAN): (a) to (d) A Task Force under the Chairmanship of Dr. Pronab Sen, Principal Adviser, Planning Commission was constituted to explore options other than price control to make available life saving drugs at reasonable prices. The Task Force has submitted its report to the Government on the 20th September, 2005. The Task Force has recommended in its final report that the excise duty on all pharmaceutical products should be reduced from 16 to 8 per cent.

Vide notification No. 2/2005-Central Excise (N.T.) dated 7.1.2005 of Department of Revenue read with notification No. 4/2005-Central Excise (N.T.) dated 23.2.2005, the Central Excise Duty is being levied on 60% of the retail price of medicines.

The Task Force has recommended the National List of Essential Medicines (NLEM) should form the basis of drugs to be considered for intensive price monitoring, ceiling prices and imposing price control, if any. To initiate this process, the Government should announce the ceiling price of the drugs contained in NLEM (other than the drugs procured by hospitals directly and which an individual does not have to purchase from the market) on the basis of weighted average of the top three brands based on value.

At present, the National List of Essential Medicines, 2002 consists of 354 essential items. Out of which approximately 40 items are being procured by the hospitals directly and, therefore, as per the Task Force recommendations the ceiling price proposal is not applicable on them. This results into the Government fixing the ceiling price of 314 essential ingredients out of the list of 354 prepared by the Health Ministry as per NLEM 2003. However, the Government is examining the recommendations of the Task Force in consultation with various stakeholders. Based on this discussion the new Pharmaceutical Policy is likely to be announced shortly.

Further, for promotion of generics and in order to bring an effective consumer choice, the Task Force has discussed the issue of "Establishing the role of true generics through a process of compulsory de-branding of selected drugs". It was suggested that de-branding should be considered only for prescription drugs (Schedule H of Drugs and Cosmetics Rules) and not for non-prescription drugs. It was suggested that the idea is to influence Doctor's prescription behaviour so that the patient can source the lowest price version in the market. Moreover, it was further suggested that this measure should be considered primarily in cases where there is evidence of clear market dominance, such as when 70% or more of the sale of the medicines concerned is accounted by a single company. However, the Government is examining the recommendations made in the Task Force Report with various stakeholders and is likely to announce the new Pharmaceutical Policy shortly.